



KRAUSEN LITTLE THING CALLED CASH

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OWNER, BREWED FOR HER LEDGER LLC

BYO FINANCIALS BOOTCAMP 2022

CASH FLOW STATEMENT AND INCOME STATEMENT ARE NOT THE SAME.

- We are often asked to mesh both together.
- Brewery in CA shows profit on income statement for three years, tries to sell, and no one buys. Why?
 - Inventory
 - Debt
- Brewpub in VA shows losses on income statement for 3 years, but successfully secures expansion capital. Why?

THE CASH FLOW STATEMENT

- Serves as a bridge between the Income Statement and Balance Sheet
- Components
 - Operating
 - Investing
 - Financing
- Used to assess quality of brewery's earnings
 - Valuation
 - Free cash flow (operating – investing)
- Free cash flow (FCF) represents the cash available for the company to repay creditors or pay dividends and interest to investors.
- FCF reconciles net income by adjusting for non-cash expenses, changes in working capital, and capital expenditures (CAPEX).

ACTIVITIES THAT IMPACT CASH FLOW FROM OPERATIONS

BEFORE / AFTER

ABC Brewing						
Cash Flow Statement						
For the 6 months ended November 30, 2020						
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Cash Flow From Operations						
Net Income	(17,440)	(16,812)	(16,302)	(16,772)	(16,752)	(14,771)
Depreciation & Amortization	3,477	3,477	3,477	3,477	3,477	3,477
Interest Expense	1,170	1,150	1,130	1,109	1,089	1,069
Increases)/(Decreases in Accounts Receivable	0	0	0	0	0	0
Additions)/(Depletions of Inventory	0	0	0	0	0	0
Increases)/(Decreases) in Accounts Payable	0	0	0	0	0	0
Net Cash From Operating Activities	(12,793)	(12,185)	(11,695)	(12,185)	(12,185)	(10,225)
Cash Flow from Investing Activities						
Purchase of Property & Equipment	0	0	0	0	0	0
Sale of Property & Equipment	0	0	0	0	0	0
Deposits on Kegs	0	0	0	0	0	0
Net Cash From Investing Activities	0	0	0	0	0	0
Cash Flow from Financing Activities						
Line of Credit Borrowing	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
New Current Borrowing - Additional Loan or Equity	0	0	0	0	0	0
Long Term Liability Repay (Principal Only)	(4,830)	(4,850)	(4,870)	(4,891)	(4,911)	(4,931)
Net Cash From Financing Activities	(4,830)	(4,850)	(4,870)	(4,891)	(4,911)	(4,931)
NET CASH FLOW	(17,623)	(17,035)	(16,565)	(17,076)	(17,096)	(15,157)
Beginning Cash	37,645	20,022	2,987	(13,578)	(30,654)	(47,750)
Ending Cash	20,022	2,987	(13,578)	(30,654)	(47,750)	(62,907)
Months of Cash	0	0	0	-1	-1	-1

ACTIONS TAKE

Accounts

Payable

Negotiate credit terms

Adjust timing of payments to match the terms

Accounts

Receivable

Review 90+ day balances and make effort to collect by contacting those owing money

Set up direct deposit with wholesaler on 15th/30th day from invoice

ABC Brewing

Cash Flow Statement

For the 6 months ended November 30, 2020

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Cash Flow From Operations						
Net Income	(17,440)	(16,812)	(16,302)	(16,772)	(16,752)	(14,771)
Depreciation & Amortization	3,477	3,477	3,477	3,477	3,477	3,477
Interest Expense	1,170	1,150	1,130	1,109	1,089	1,069
(Increases)/Decreases in Accounts Receivable	0	24,100	500	2,200	0	0
(Additions)/Depletions of Inventory	0	0	0	0	0	0
Increases/(Decreases) in Accounts Payable	11,650	22,300	0	0	0	0
Net Cash From Operating Activities	(1,143)	34,215	(11,195)	(9,985)	(12,185)	(10,225)
Cash Flow from Investing Activities						
Purchase of Property & Equipment	0	0	0	0	0	0
Sale of Property & Equipment	0	0	0	0	0	0
Deposits on Kegs	0	0	0	0	0	0
Net Cash From Investing Activities	0	0	0	0	0	0
Cash Flow from Financing Activities						
Line of Credit Borrowing	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
New Current Borrowing - Additional Loan or Equity	0	0	0	0	0	0
Long Term Liability Repay (Principal Only)	(4,830)	(4,850)	(4,870)	(4,891)	(4,911)	(4,931)
Net Cash From Financing Activities	(4,830)	(4,850)	(4,870)	(4,891)	(4,911)	(4,931)
NET CASH FLOW	(5,973)	29,365	(16,065)	(14,876)	(17,096)	(15,157)
Beginning Cash	37,645	31,672	61,037	44,972	30,096	13,000
Ending Cash	31,672	61,037	44,972	30,096	13,000	(2,157)
Months of Cash	1	1	1	1	0	0

ACTIONS TAKEN

Inventory

Review inventory balances
versus recipe needs and sell
off old or obsolete
inventory on Lupulin
Exchange or to local
homebrewers

ABC Brewing						
Cash Flow Statement						
For the 6 months ended November 30, 2020						
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Cash Flow From Operations						
Net Income	(17,440)	(16,812)	(16,302)	(16,772)	(16,752)	(14,771)
Depreciation & Amortization	3,477	3,477	3,477	3,477	3,477	3,477
Interest Expense	1,170	1,150	1,130	1,109	1,089	1,069
(Increases)/Decreases in Accounts Receivable	0	24,100	500	2,200	0	0
(Additions)/Depletions of Inventory	5,200	4,400	1,600	0	0	600
Increases/(Decreases) in Accounts Payable	11,650	22,300	0	0	0	0
Net Cash From Operating Activities	4,057	38,615	(9,595)	(9,985)	(12,185)	(9,625)
Cash Flow from Investing Activities						
Purchase of Property & Equipment	0	0	0	0	0	0
Sale of Property & Equipment	0	0	0	0	0	0
Deposits on Kegs	0	0	0	0	0	0
Net Cash From Investing Activities	0	0	0	0	0	0
Cash Flow from Financing Activities						
Line of Credit Borrowing	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
New Current Borrowing - Additional Loan or Equity	0	0	0	0	0	0
Long Term Liability Repay (Principal Only)	(4,830)	(4,850)	(4,870)	(4,891)	(4,911)	(4,931)
Net Cash From Financing Activities	(4,830)	(4,850)	(4,870)	(4,891)	(4,911)	(4,931)
NET CASH FLOW	(773)	33,765	(14,665)	(14,876)	(17,096)	(14,557)
Beginning Cash	37,645	36,872	70,637	56,172	41,296	24,200
Ending Cash	36,872	70,637	56,172	41,296	24,200	9,643
Months of Cash	1	2	1	1	1	0

CONSTRUCTING YOUR CASH FLOW STEPS

1. Export income statement and balance sheet by month in Excel
2. Ask bank for amortization schedule if you don't already have

- OPERATING SECTION

- Link net income
- Add back depreciation and interest expense
- Use balance sheet to link ending balances for inventory, accounts payable, and accounts receivable
 - Increase month to month accounts payable = **positive** on cash flow
 - Decrease month to month accounts payable = **negative** on cash flow
 - Increase month to month accounts receivable = **negative** on cash flow
 - Decrease month to month accounts receivable = **positive** on cash flow
 - Increase month to month inventory = **negative** on cash flow
 - Decrease month to month inventory = **positive** on cash flow

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Flow From Operations												
Net Income	\$12,106	\$14,462	\$15,959	\$15,477	\$14,486	\$12,418	\$13,356	\$13,364	\$12,539	\$12,548	\$13,389	\$5,398
Depreciation & Amortization	\$4,999	\$4,999	\$4,999	\$4,999	\$4,999	\$4,999	\$4,999	\$4,999	\$4,999	\$4,999	\$4,999	\$4,999
Interest Expense	\$7,121	\$7,113	\$7,105	\$7,097	\$7,089	\$7,081	\$7,073	\$7,064	\$7,056	\$7,048	\$7,039	\$7,031
(Additions)/Deletions of Inventory	\$0	\$0	\$3,412	\$1,444	\$306	\$414	\$2,022	\$0	\$514	\$0	\$0	\$1,743
Net Cash From Operating Activities	\$24,226	\$26,573	\$24,650	\$26,128	\$26,879	\$24,911	\$23,405	\$25,427	\$24,080	\$24,594	\$25,427	\$15,684
Cash Flow from Investing Activities												
Purchase of Property & Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$216,885
Purchase of Distribution Vehicles	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deposits on Kegs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash From Investing Activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$216,885
Cash Flow from Financing Activities												
Line of Credit Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long Term Liability Repay	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346
Net Cash From Financing Activities	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346
NET CASH FLOW	\$15,879	\$18,227	\$16,304	\$17,782	\$18,533	\$16,565	\$15,059	\$17,081	\$15,734	\$16,248	\$17,081	\$209,547
Beginning Cash	\$175,541	\$191,420	\$209,647	\$225,951	\$243,733	\$262,266	\$278,830	\$293,889	\$310,970	\$326,704	\$342,951	\$360,032
Ending Cash	\$191,420	\$209,647	\$225,951	\$243,733	\$262,266	\$278,830	\$293,889	\$310,970	\$326,704	\$342,951	\$360,032	\$150,485
Months of Cash	5.3	6.1	6.8	7.3	7.6	7.7	8.2	8.7	9.0	9.4	10.1	3.4

CONSTRUCTING YOUR CASH FLOW STEPS

- INVESTING SECTION

- Use balance sheet to link month end balances for fixed assets to reflect purchases and sales of equipment
 - Increase from month to month on balance sheet = **negative** on cash flow
 - Decrease from month to month on balance sheet = **positive** on cash flow

- FINANCING SECTION

- Use balance sheet to link month end long-term debt balances
- Use balance sheet to link month end balances for any dividends paid or draws made by owners

BEGINNING CASH IN MONTH 1 IS YOUR RECONCILED BANK BALANCE IN THE OPERATING ACCOUNT FROM THE LAST DAY OF THE PREVIOUS MONTH.

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Flow From Operations												
Net Income	\$12,106	\$14,462	\$15,959	\$15,477	\$14,486	\$12,418	\$13,356	\$13,364	\$12,539	\$12,548	\$13,389	\$5,398
Depreciation & Amortization	\$4,999	\$4,999	\$4,999	\$4,999	\$4,999	\$4,999	\$4,999	\$4,999	\$4,999	\$4,999	\$4,999	\$4,999
Interest Expense	\$7,121	\$7,113	\$7,105	\$7,097	\$7,089	\$7,081	\$7,073	\$7,064	\$7,056	\$7,048	\$7,039	\$7,031
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Cash Flow from Investing Activities												
Purchase of Property & Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$216,885
Purchase of Distribution Vehicles	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deposits on Kegs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash From Investing Activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$216,885
Cash Flow from Financing Activities												
Line of Credit Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long Term Liability Repay	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346
Net Cash From Financing Activities	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346	\$8,346
NET CASH FLOW	\$15,879	\$18,227	\$16,304	\$17,782	\$18,533	\$16,565	\$15,059	\$17,081	\$15,734	\$16,248	\$17,081	\$209,547
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Months of Cash	5.3	6.1	6.8	7.3	7.6	7.7	8.2	8.7	9.0	9.4	10.1	3.4



CONTACT INFO

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